

BankMuscat  بنك مسقط

CMA REPORT
PERIOD ENDED SEPTEMBER 30, 2010

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Dear Shareholders,

I am glad to share with you the results achieved by the Bank during the nine-month period ending 30 September 2010. The key business lines of the Bank recorded encouraging performance during the period in question.

Oman's economic diversification programme is progressing and the real GDP growth is expected to touch 3.6 per cent in 2010 on the back of stronger government and private consumption. The banking and financial sector is witnessing healthy performance in tandem with the economic recovery led by sustained consumer demand and public sector activities.

Financial Overview

The Bank achieved a net profit of RO 72.2 million for the nine months ended 30 September 2010 compared to RO 80.4 million reported during the same period in 2009. The net profit for the nine months ended 30 September 2009 included RO 53.2 million of post-tax gain on sale of HDFC Bank investment, RO 8.5 million losses on available-for-sale investment portfolio and around RO 30 million of credit losses towards Saudi branch exposures. Excluding these one-off items, the adjusted net profit for the nine month period in 2009 was RO 65.7 million. Thus, on a like to like comparison, the net profit for the nine months ended 30 September 2010 showed an increase of 10 per cent over the same period in 2009.

Net interest income increased by 8 per cent to RO 137.1 million during the nine months ended 30 Sep 2010 from RO 126.8 million reported during the corresponding period in 2009. Non-interest income was higher by 10 per cent compared to the nine months period ended 30 Sep 2009, excluding the gain on HDFC Bank investment and realised losses on Available-for-Sale investment. Operating expenses for nine months ended 30 Sep 2010 was at RO 75.5 million, an increase of 17.5 per cent as compared to the same period in 2009. The increase in operating expense is attributable to the long-term vision and strategy to develop the banking infrastructure

by way of technology investments, expansion of delivery channel network and business to provide better service and maintain the leadership position. Impairment for credit losses for the nine-month period in 2010 was RO 30 million as against RO 68.7 million in 2009. In addition, the Bank has made a collective provision of RO 1.9 million on placements with banks. Recoveries from impairment for credit losses was RO 9.7 million as against RO 8.3 million for the nine-month period ended Sep 30, 2009. During the quarter, the Bank was able to write back RO 3.4 million of impairment loss provision on bank placements after concluding sale of an impaired asset. Share of loss from associates was RO 8.8 million for the nine months ended 30 Sep 2010 as against RO 5.3 million in 2009. Higher share of loss of was due to BMI Bank net loss for the quarter due to higher credit losses as some of the exposures did not perform as expected in Q310.

Gross loans and advances increased by 5 per cent to RO 4,109 million as against RO 3,921 million as at 30 Sep 2009. Customer deposits, including CDs, increased by 4 per cent to RO 3,442 million as against RO 3,298 million as at 30 Sep 2009. Savings deposits witnessed an impressive growth of 13 per cent from RO 716 million as at 30 Sep 2009 to RO 811 million as at 30 Sep 2010. Whereas the current and call account grew by 20 per cent from RO 977 million as at 30 Sep 2009 to RO 1,168 million as at 30 Sep 2010.

Strategic initiatives

- As the sole issue manager, BankMuscat successfully handled the initial public offering (IPO) of leading telecommunications company Nawras. The Nawras IPO marked a share offer in Oman nearly after two years.
- The Bank extended a RO 19.25 million (US\$ 50 million) syndicated term loan facility for Renaissance Services to support the company's growth investment plans.
- The Bank signed a Memorandum of Understanding (MoU) with the Public Establishment for Industrial Estates (PEIE), aimed at attracting industrial investment and providing continuous support to enhance Oman's position as a leading regional centre of

manufacturing, Information and Communications Technology (ICT), innovation and entrepreneurship excellence.

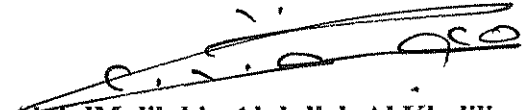
- BankMuscat and Omantel launched a national initiative in commemoration of the 40th Renaissance anniversary. The ‘Celebrate Together’ initiative offered a unique opportunity for children to give expression to the achievements of Oman under the leadership of His Majesty Sultan Qaboos.
- Further raising the bar as the employer of choice, BankMuscat won the prestigious Asia’s Best Brand Award instituted by Chief Marketing Officers (CMO), Asia. The Bank also won the JP Morgan Quality Recognition Award for Operational Excellence for the 10th consecutive year.
- The Bank conducted a successful disaster recovery testing. BankMuscat is the first bank in the Sultanate to have successfully run its Core Banking System from its Disaster Recovery Centre for a full day.
- The excitement of al Mazyona savings scheme touched new highs as the Bank announced the second jackpot prize winner of RO 400,000.

In conclusion

On behalf of the Board of Directors, I take this opportunity to thank the banking community, both in Oman and overseas, for the confidence reposed in the Bank. I would also like to thank the Management Team and all our employees for their dedication and commitment to press ahead amid the challenging situation to reach higher levels of excellence.

The Board of Directors welcomes and supports the measures taken by the Central Bank of Oman and the Capital Market Authority to strengthen the financial market in the Sultanate. The foresight and market-friendly policies adopted by His Majesty’s Government have helped the Bank to record encouraging results.

The Board of Directors is deeply grateful to His Majesty Sultan Qaboos Bin Said for his vision and guidance, which has helped the country along its path of growth and prosperity.



AbdulMalik bin Abdullah Al Khalili

Summary of unaudited consolidated results as at 30 Sept 2010

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
Loans and advances net of provisions and reserved interest	3,870,067	3,727,331
Customer Deposits and Bonds	3,512,177	3,368,177
Net assets	764,317	706,972
Net assets per share *	0.568	0.656
	9 months ended 30 Sep 2010	9 months ended 30 Sep 2009
Net interest income	137,059	126,785
Net profit before tax for the period	85,229	95,301
Net profit after tax for the period	72,174	80,445
Basic earnings per share (for the period) **	0.054	0.075
Diluted earnings per share (for the period) **	0.054	0.075
Capital adequacy ratio ***	14.46%	14.92%

* Net assets per share is calculated by dividing net assets owned by ordinary shareholders at 30 September 2010 by 1,346 million number of ordinary shares. (2009 : 1,077 million ordinary shares)

** Basic and Diluted earnings per share is calculated as per International Accounting Standard No : 33. These pertain to the reported period only and are not annualized for the full year.

*** Capital adequacy ratio has been calculated in accordance with the Basle II guidelines.

*Unaudited Consolidated Statement of Comprehensive Income
For the nine months ended 30 Sept 2010*

	Notes	9 months ended 30 Sep 2010	9 months ended 30 Sep 2009	3 months ended 30 Sept 2010	3 months ended 30 Sept 2009
		RO' 000	RO' 000	RO' 000	RO' 000
Interest income	1	204,852	208,078	70,056	69,058
Interest expense	2	(57,483)	(73,130)	(17,671)	(22,092)
		<u>147,369</u>	<u>134,948</u>	<u>52,385</u>	<u>46,966</u>
Interest expense on tier II capital		(10,310)	(8,163)	(3,412)	(3,550)
Net interest income		<u>137,059</u>	<u>126,785</u>	<u>48,973</u>	<u>43,416</u>
Other operating income	3	51,353	99,800	17,513	15,043
OPERATING INCOME		<u>188,411</u>	<u>226,585</u>	<u>66,485</u>	<u>58,459</u>
OPERATING EXPENSES					
Other operating expenses		(69,355)	(59,329)	(23,969)	(19,946)
Depreciation		(6,124)	(4,856)	(2,140)	(1,876)
		<u>(75,479)</u>	<u>(64,185)</u>	<u>(26,109)</u>	<u>(21,822)</u>
Impairment for credit losses	5	(30,010)	(68,733)	(9,266)	(17,256)
Impairment for placements		(1,950)	-	(1,950)	-
Impairment for investments		(585)	(1,343)	(289)	862
Recoveries from impairment for credit losses	5	9,681	8,273	2,957	3,402
Recoveries from impairment for investments		560	-	276	-
Recoveries from impairment for placements		3,405	-	3,321	-
Share of profit / (loss) from associates	8a	(8,804)	(5,296)	(5,214)	(606)
		<u>(103,183)</u>	<u>(131,284)</u>	<u>(36,275)</u>	<u>(35,420)</u>
PROFIT BEFORE TAXATION		<u>85,229</u>	<u>95,301</u>	<u>30,211</u>	<u>23,039</u>
Tax expense		(13,055)	(14,856)	(5,064)	(3,032)
PROFIT FOR THE PERIOD		<u>72,174</u>	<u>80,445</u>	<u>25,147</u>	<u>20,007</u>
OTHER COMPREHENSIVE INCOME					
Profit / (loss) from foreign currency translation of investments in associates, before tax		448	(1,163)	469	(416)
Change in fair value of investments available for sale, before tax		1,796	(65,518)	2,702	609
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>2,244</u>	<u>(66,681)</u>	<u>3,171</u>	<u>193</u>
Profit attributable to:					
Equity holders of the parent company		72,228	80,445	25,165	20,007
Non-controlling interests		(54)	-	(18)	-
		<u>72,174</u>	<u>80,445</u>	<u>25,147</u>	<u>20,007</u>

*Unaudited Consolidated Balance sheet
As at 30 Sept 2010*

	Notes	30-Sep-10 RO' 000	30-Sep-09 RO' 000
ASSETS			
Cash and balances with Central Banks		968,965	652,674
Placements with banks		880,961	1,055,864
Loans and advances	4 & 5	3,870,067	3,727,331
Investments	8b & c	193,967	160,534
Investment in associates	8a	58,824	86,750
Property and equipment		27,830	22,393
Other assets		197,179	176,877
		<u>6,197,794</u>	<u>5,882,423</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks		1,396,531	1,318,001
Customers' deposits	6	3,272,175	3,163,624
Certificates of deposit		169,800	134,350
Unsecured bonds		54,803	54,803
Floating rate notes		15,400	15,400
Other liabilities		312,252	276,685
Taxation		29,016	24,088
Subordinated liabilities		183,500	188,500
		<u>5,433,477</u>	<u>5,175,451</u>
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital		134,642	107,713
Share premium		301,505	301,505
Mandatory Convertible bonds		32,314	32,314
General reserve		56,308	56,308
Legal reserve		35,905	35,905
Revaluation reserve		3,957	3,957
Subordinated loan reserve		48,400	24,200
Foreign exchange translation reserve		(437)	(1,163)
Cumulative changes in fair value	8a&8b	6,619	3,758
Retained profit		144,818	142,475
		<u>764,032</u>	<u>706,972</u>
Non-controlling interests in equity		286	-
Total Equity		<u>764,317</u>	<u>706,972</u>
TOTAL LIABILITIES AND EQUITY		<u>6,197,794</u>	<u>5,882,423</u>
Contingent liabilities	11	<u>1,163,172</u>	<u>953,210</u>
Related party information			
Due from related parties	9	51,170	51,269
Due to related parties		17,486	37,167

*Unaudited Consolidated Statement of cash flow
For the nine months ended 30 Sept 2010*

	9 months ended 30 Sep 2010	9 months ended 30 Sep 2009
	RO' 000	RO' 000
Cash flow from operating activities		
Net profit for the period before taxation	85,229	95,301
Adjustments for :		
Depreciation	6,124	4,856
Investment income	(1,118)	(54,668)
Operating profit before working capital changes	<u>90,235</u>	<u>45,489</u>
Change in operating assets*	(81,977)	72,620
Change in operating liabilities**	<u>315,796</u>	<u>(233,390)</u>
Net cash (used in) / from operating activities	<u>324,054</u>	<u>(115,281)</u>
Net cash (used in) / from financing activities	(26,416)	53,459
Net cash (used in) / from investing activities	(37,870)	116,977
Net increase / (decrease) in cash and cash equivalents	<u>259,768</u>	<u>55,156</u>
Cash and cash equivalents brought forward	367,289	410,385
Cash and cash equivalents carried forward	<u><u>627,057</u></u>	<u><u>465,541</u></u>

* Operating assets includes deposits with central banks, bank placements, loans and advances and other assets.

** Operating liabilities includes customer deposits, deposits from banks and other liabilities.

Unaudited Consolidated Statement of Changes in Equity
Period ended 30 Sept 2010

	Share capital	Share premium	Convertible Bonds	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cumulative changes in fair value	Foreign exchange translation reserve	Retained Earnings	Total before Non-controlling interest	Non-controlling interest	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 31 December 2008	107,713	301,505	-	56,308	35,905	3,957	24,200	69,276	(9,471)	125,357	714,750	-	714,750
Comprehensive income													
Profit for the year										73,763	73,763	(45)	73,718
Other comprehensive income													
Loss on translation of net investments in									(1,040)		(1,040)		(1,040)
Transfer to comprehensive income statement on derecognition of associate									9,627		9,627		9,627
Change in fair value of investments available for sale								(64,453)			(64,453)		(64,453)
Total other comprehensive income	-	-	-	-	-	-	-	(64,453)	8,587	-	(55,866)	-	(55,866)
Transactions with owners													
Dividends paid 2008										(21,543)	(21,543)		(21,543)
Issue of convertible bonds			32,314							(32,314)	-		-
Transfer to Subordinated loan reserve							24,200			(24,200)	-		-
Total contributions by and distributions to Non-controlling interest	-	-	32,314	-	-	-	24,200	-	-	(78,057)	(21,543)	-	(21,543)
Total transactions with owners	-	-	32,314	-	-	-	24,200	-	-	(78,057)	(21,543)	257	(21,286)
Balance at 31 December 2009	107,713	301,505	32,314	56,308	35,905	3,957	48,400	4,823	(884)	121,063	711,104	212	711,316

	Share capital	Share premium	Mandatory Convertible Bonds	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cumulative changes in fair value	Foreign exchange translation reserve	Retained Earnings	Total before Non-controlling interest	Non-controlling interest	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 31 December 2009	107,713	301,505	32,314	56,308	35,905	3,957	48,400	4,823	(884)	121,063	711,104	212	711,316
Comprehensive income													
Profit for the year										72,228	72,228	(54)	72,174
Other comprehensive income													
Loss on translation of net investments in									448		448		448
Change in fair value of investments available for sale								1,796			1,796		1,796
Total other comprehensive income	-	-	-	-	-	-	-	1,796	448	-	2,244	-	2,244
Transactions with owners													
Dividends paid 2009										(21,543)	(21,543)		(21,543)
Issue of bonus shares 2009	26,929									(26,929)	(0)		(0)
Total contributions by and distributions to Non-controlling interest	26,929	-	-	-	-	-	-	-	-	(48,473)	(21,544)	-	(21,544)
Total transactions with owners	26,929	-	-	-	-	-	-	-	-	(48,473)	(21,544)	128	(21,416)
Balance at 30 Sept 2010	134,642	301,505	32,314	56,308	35,905	3,957	48,400	6,619	(437)	144,819	764,032	285	764,317

Notes to the Financial Statements as at 30 September 2010
1. Interest Income

Interest bearing assets earned interest at an overall rate of 4.90% for the period ended 30 Sept 2010. (Sept 2009 : 5.57%).

2. Interest expense

For the period ended 30 Sept 2010 the average overall cost of funds was 1.85%. (Sept 09 : 2.42%).

3. Other operating income

	YTD		For the three months ended	
	30-Sep-10 RO' 000	30-Sep-09 RO' 000	30-Sep-10 RO' 000	30-Sep-09 RO' 000
Foreign Exchange	10,200	6,932	4,463	2,965
Commission and fees (net)	39,209	38,202	12,757	11,826
Dividend income	1,021	955	31	170
Profit/(loss) on sale of investment securities	97	53,407	(67)	82
Other income	826	304	329	-
	<u>51,353</u>	<u>99,800</u>	<u>17,513</u>	<u>15,043</u>

The commission and fees shown above is net off commission and fees paid of RO 533 K. (2009 : RO 519 K.)

4. Loans and advances

Loans and advances is analysed as follows:	30-Sep-10 RO' 000	30-Sep-09 RO' 000
Corporate and Other Loans	2,463,200	2,371,917
Personal and Housing loans	1,645,788	1,549,540
Gross loans and advances	<u>4,108,988</u>	<u>3,921,457</u>
Less : Provisions and reserved interest	238,922	194,176
Net loans and advances	<u>3,870,067</u>	<u>3,727,281</u>

The maturity of these is analysed as follows:	30-Sep-10 RO' 000	30-Sep-09 RO' 000
Less than 1 year	1,184,503	1,007,835
1 to 3 years	658,918	646,079
3 to 5 years	437,135	449,873
Over 5 years	1,828,433	1,817,720
	<u>4,108,989</u>	<u>3,921,507</u>

The interest rate band of these are as follows:	30-Sep-10 RO' 000	30-Sep-09 RO' 000
0-5%	1,044,166	956,425
5-7%	687,559	449,999
7-9%	2,129,576	2,281,979
9-11%	154,039	181,536
11-13%	64,385	27,116
more than 13%	29,264	24,452
	<u>4,108,989</u>	<u>3,921,507</u>

Notes to the Financial Statements as at 30 September 2010
5. Provisions and reserved interest

The movement on the provision for possible credit losses and reserved interest for the period is analysed as follows:

	Provisions	Reserved Interest
	RO' 000	RO' 000
At 1 January 2010	184,190	29,655
Provided during the period	30,010	
Released/recovered during the period	(8,575)	
Written off during the period	(877)	(939)
Transferred to placement provision	(400)	
Interest reserved during the period		11,604
Reserved interest recovered		(5,746)
At 31 June 2010	<u>204,348</u>	<u>34,574</u>
	Provisions	Reserved Interest
	RO' 000	RO' 000
At 1 January 2009	99,597	25,977
Provided during the period	68,733	
Released/recovered during the period	(7,585)	
Written off during the period	(477)	(619)
Transferred during the period	(12)	-
Interest reserved during the period	-	11,391
Reserved interest recovered	-	(2,829)
At 31 June 2009	<u>160,256</u>	<u>33,920</u>

Recoveries of RO 9,681 K (Sept 2009: 8,273 K) reported in the income statement includes RO 1,106 K (2009: 688 K) recovered from loans written off earlier.

Interest is reserved on loans and advances which are impaired.

At 30 Sept 2010 loans and advances on which interest had been reserved amounted to RO 228.17 Million (2009 : RO. 196.53 Million). This includes off balance sheet exposure.

* *Specific provisions are established after considering security on a case by case basis in respect of specific loans and advances where recovery appears doubtful.*

** *General Provisions are established to meet the credit risks inherent within the loans and advances portfolio.*

Notes to the Financial Statements as at 30 September 2010

6. Deposits

Deposits are analysed as follows:

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
Current accounts	933,930	760,690
Call accounts	234,226	216,894
Savings accounts	811,370	715,725
Time deposits	1,272,718	1,451,770
Other	19,931	18,545
Customer Deposits	<u>3,272,175</u>	<u>3,163,624</u>
CD's / Unsecured Bonds / FRN's	240,003	204,553
Total Deposits	<u><u>3,512,177</u></u>	<u><u>3,368,177</u></u>

The maturities of deposits are as follows

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
Less than 1 year	1,750,091	1,920,341
1 to 3 years	666,158	520,727
3 to 5 years	404,418	395,392
Over 5 years	691,510	531,717
	<u><u>3,512,177</u></u>	<u><u>3,368,177</u></u>

The interest rate bands of deposits are as follows:

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
0%	1,484,252	1,216,686
0-2%	919,682	814,783
2-4%	304,423	369,636
4-6%	738,773	890,600
more than 6%	65,047	76,472
	<u><u>3,512,177</u></u>	<u><u>3,368,177</u></u>

7. Asset liability mismatch

The asset liability mismatch is analysed as follows:

<i>Maturities</i>	30-Sep-10			30-Sep-09		
	Assets	Liabilities	Mismatch	Assets	Liabilities	Mismatch
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Less than 1 year	2,917,623	3,292,129	(374,506)	2,670,211	3,191,564	(521,353)
1 to 3 years	770,965	821,062	(50,097)	742,663	744,771	(2,108)
3 to 5 years	474,528	442,918	31,610	487,916	456,640	31,276
Over 5 years	2,034,678	1,641,685	392,993	1,981,633	1,489,448	492,185
	<u><u>6,197,794</u></u>	<u><u>6,197,794</u></u>	<u><u>-</u></u>	<u><u>5,882,423</u></u>	<u><u>5,882,423</u></u>	<u><u>-</u></u>

The mismatch represents the difference between assets and liabilities for each maturity band. Share capital is included within liabilities.

Notes to the Financial Statements as at 30 September 2010
8. Non Trading Investments
8.a. Investment in associates
1 Investment in Bank Muscat International (BMI), Bahrain

As at Sept 30, 2010 the carrying value of the investment in BMI was as follows:

	30-Sep-10	30-Sep-09
	RO. 000's	RO. 000's
Carrying value of the investment at January 1	57,328	65,668
Share of profit for the period	(9,277)	(2,328)
Carrying value of the Investment at Sept 30	<u>48,051</u>	<u>63,340</u>

2 Investment in Mangal Keshav Holdings Private Limited (MKH), India

As at Sept 30, 2010 the carrying value of the investment in MKH was as follows:

	30-Sep-10	30-Sep-09
	RO. 000's	RO. 000's
Carrying value of the Investment at January 1	9,844	9,355
Share of profit for the period Oct08 to June09		14
Share of profit for the period Oct09 to June10	481	
Profit / (loss) on translation of foreign currency investments	448	79
Carrying value of the Investment at Sept 30	<u>10,773</u>	<u>9,448</u>

3 Investment in Silk Bank Limited (SBL) (formerly Saudi Pak Commercial Bank Limited).

In December 2009, SBL announced a rights issue of Pakistani Rupee (PKR) 7 billion through issuance of 2.8 billion right shares at the rate of PKR 2.5 per share for every one share held in order to meet the minimum capital requirement of the local regulator.

As disclosed in the annual financial statements of December 2009, the Bank has decided non participation in rights issue and to dilute its stake in SBL. As a result of non-participation in the rights issue, the Bank's stake in SBL is expected to be diluted to around 8.5% based on the proposed rights issue terms.

As it was certain that the Bank is not participating in the rights issue and thereby substantially diluting its stake from an associate status to non-strategic investment, the SBL investment has been classified from Associate Investment to Available-for-sale investment from 31 December 2009.

As at Sept 30, 2009 carrying value of investment in SBL was RO 13,962 K. As mentioned above these investments were reclassified as available for sale securities in Dec 2009 with a carrying value of RO 3,870 K. As at Sept 30, 2010, carrying value of the same is RO 3,775 K.

Notes to the Financial Statements as at 30 September 2010

8. Non Trading Investments (continued)
8.b. Available For Sale

	Fair Value 30-Sep-10 RO' 000	Fair Value 30-Sep-09 RO' 000
<i>Quoted Investments</i>		
Industrial sector	4,964	2,987
Financial services sector	4,527	4,462
Other services sector	15,448	8,651
Foreign securities	31,888	19,076
Corporate Bonds	4,467	7,416
Investment fund units	9,743	9,330
Government bonds	73,808	45,608
Total	<u>144,845</u>	<u>97,530</u>
<i>Unquoted investments</i>		
Unquoted local securities	10,307	6,376
Unquoted foreign securities	12,446	8,306
Investment fund units	50	50
Total	<u>22,803</u>	<u>14,732</u>
Impairment losses	(5,690)	(4,390)
Total available for sale	<u>161,958</u>	<u>107,872</u>
8.c. Held To Maturity		
Treasury Bills	30,710	51,360
Government Bonds	1,300	1,302
	<u>32,010</u>	<u>52,662</u>

Notes to the Financial Statements as at 30 September 2010
9. Related Party Transactions

The balances of directors and their related concerns were as follows:

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
Loans and advances	51,170	51,269
Current, deposit and other accounts	17,486	37,167
Customers' liabilities under documentary credits, guarantees and other commitments	6,307	4,862

The income and expenses in respect of related parties are as follows:

	9 months	9 months
	ended 30 Sep	ended 30
	2010	Sep 2009
	RO' 000	RO' 000
Interest income	864	737
Interest expenditure	163	251
Commission and other income	17	11

10. Shareholders

Shareholders of the bank who hold 10% or more of the bank's shares are given below:

	30-Sep-10	30-Sep-09
	RO' 000	RO' 000
Royal Court Affairs	33,442	26,754
Dubai Financial Group LLC	20,196	16,157
	<u>53,638</u>	<u>42,911</u>

11. Contingent liabilities

Letters of Credit	328,952	278,770
Guarantees	834,220	674,440
	<u>1,163,172</u>	<u>953,210</u>

12. Spot / Forwards and options
Spot and Forwards

- Purchases	1,436,238	1,914,470
- Sales	1,436,124	1,901,020

Options

- Sales	61,055	28,211
- Purchases	61,055	33,522

13. Comparative Figures

The corresponding figures for 2009 included for comparative purposes have been reclassified to conform with the presentation in the current year.